

**Iowa Telecommunications & Technology Commission  
Room 106, Tama Hall, Hawkeye Community College  
1501 E. Orange Road, Waterloo, Iowa**

**Final**

**November 20, 2008**

**Commissioners Present**

Betsy Brandsgard, Chairperson  
Robert R. Hardman, Member  
Timothy L. Lapointe, Member  
David A. Vaudt, Ex-Officio Member  
Pamela A. Duffy, Member  
Michael W. Mahaffey, Member

**Iowa Communications Network Staff Present**

John Gillispie, Executive Director  
Joseph Cassis, Deputy Director  
Dave Marley, Operations Administrator  
Dave Lingren, Service Delivery Administrator  
Kevin Heinzeroth, Finance Administrator  
Vicki Wallis, Engineering Administrator  
Tami Fujinaka, Government Relations Manager  
Deb Evans, Billing/Audit Manager  
Vicki Harris, Operations Supervisor  
Lori Larsen, Administrative Assistant (Recorder)  
Diane Van Zante, Secretary (Recorder)

**Guests**

Representative Doris Kelley – 1:00 PM

**Call to Order**

Ms. Brandsgard called the meeting to order at 10:14 a.m. It was noted that a quorum of members was present for the meeting.

**Approval of 9/18/08 and 10/15/08 Meeting Minutes**

Commissioner Duffy moved for approval of the September 19, 2008 and October 15, 2008 meeting minutes; Commissioner Mahaffey seconded the motion. A roll call vote was taken, unanimously approving the minutes as written.

Commissioner Duffy - Yes  
Commissioner Lapointe – Yes  
Commissioner Hardman – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

## Old Business

### **2009 Meeting Schedule – Commission.**

Commissioner Brandsgard informed the group that the teleconference calls are listed on the 2009 calendar in case there is sufficient information that needs to be communicated and discussed.

Commissioners are to communicate with Tami Fujinaka if changes to the schedule are necessary.

### **Proposed 2009 Meeting Schedule - Iowa Telecommunications and Technology Commission**

Thursday, **January 15, 2009**, Grimes State Office Building, 9:00 a.m.

Wednesday, **February 18, 2009**, Telephonic, 10:30 a.m.

Thursday, **March 12, 2009**, Grimes State Office Building, 9:00 a.m.

Wednesday, **April 15, 2009**, Telephonic, 10:30 a.m.

Thursday, **May 21, 2009**, Grimes State Office Building, 9:00 a.m.

Wednesday, **June 17, 2009**, Telephonic, 10:30 a.m.

Thursday, **July 16, 2009**, Grimes State Office Building 9:00 a.m.

Wednesday, **August 19, 2009**, Telephonic, 10:30 a.m.

Thursday, **September 17, 2009**, Grimes State Office Building, 9:00 a.m.

Wednesday, **October 21, 2009**, Telephonic, 10:30 a.m.

Thursday, **November 19, 2009**, Grimes State Office Building, 9:00 a.m.

Wednesday, **December 16, 2009**, Telephonic, 10:30 a.m.

## New Business

### **K-12 Connections - Joseph Cassis**

The K-12 Connection's program is off to a strong start to the school year with a total of 2,580.08 ICN hours generated as of the end of October. This is 683.08 hours ahead of the same point in time last year (1,897 hours). Additional hours are contributed to sessions not for K-12 students. The success is outstanding within the support aspect, with regards to rooms, servers, etc... IPTV has acquired grant funding in support of the K-12 Connection's ICN activities. They were able to gather \$22,500. A number of school superintendents see the ICN as a good business decision, and are becoming more aware of the opportunity to use video. Department of Education realized that many of the new teachers are not aware of the video conferencing, and are now building it into the curriculum. The Video Scheduling page shows the different categories of usage.

## Video Scheduling

FY2009	Testing	Admin	K-12	K-12 Dual Credit	H-E-E	All Training	Telemed	Comm College	Fed Usage	Monthly Total hours
July	78	840	158	86	4,048	1,184	8	6,673	213	13,281
August	114	984	1,176	203	2,029	924	3	4,457	369	10,176
September	123	1,154	4,834	1,812	6,818	2,096	9	8,918	503	25,210
October	55	1,258	4,522	498	6,436	1,968	8	9,068	452	24,248
November										
December										
January										
February										
March										
April										
May										
June										
Yearly Total	380	4,197	10,488	1,796	19,330	6,081	8	29,101	1,537	72,913

Director Gillispie informed the Commission that video revenue is down for the year overall, but the usage is up from last year. The behavior appears to be incentive oriented. The secret is whether the behavior sticks through the winter and spring terms and into next year, that will show incentive is driving behavior.

**Review FY 09 ICN Budget to Actual Financials** - Kevin Heinzeroth

For the month of October, net cash from operations (removing equipment) was \$221,196 for the year. The appropriation that was used with video match for the year cash from operations was \$3,269,608. If the appropriation and equipment are removed from the results of operations, the ICN is at \$87,718 cash from operations for the year. The ICN is currently at a breakeven point for the year. Including the October revenues, there was an across the board decrease in revenues in all areas.

Video services for October 2008 are behind billing for October 2007 by \$55,201 and are 3.90% behind the October budgeted amount. The ICN has produced 72,532 hours through October 2008, up from the 68,885 hours produced behind October 2007. Higher education and K-12 provide a majority of the usage.

Voice services for fiscal year 2008 year-to-date: Voice Service revenues for October 2008 are behind October 2007 revenues by \$127,905 and are 5.96% ahead of 2008 budget figures. Largest source of revenue continues to be toll-free usage, local access, and inmate calling.

Data services – Gross revenue from data services for October 2008 is ahead of October 2007 year-to-date revenues by \$327,496 and are behind 2008 budgeted figures by .078%.

**Approve Vendor Performance Report/Maintenance Contract** - Kevin Heinzeroth

Pursuant to the Code of Iowa, Chapter 8D.3(3)(g), the Iowa Telecommunications and Technology Commission (ITTC) is required to review existing maintenance contracts and past contracts to determine vendor capability to perform the obligation under such contracts and to report recommendations to the General Assembly concerning continued funding for such contracts.

In accordance with the above requirement, the ITTC reports the following.

**Part I and II Maintenance Contract:** The Iowa Communications Network (ICN) is under contract with McLeodUSA Telecommunications Services, Inc. (d/b/a Paetec Business Services) for maintenance and operational support for the state-owned portion of the Network. This contract was negotiated under the General Contract for Parts I and II of the Network. The Network has changed both in the nature of its services and configuration since the contract was initiated. The contract provides that the Scope of Services may be revised, replaced, amended, or deleted at any time during the term of the contract to reflect changes in service or performance standards. The ICN and Paetec have both continued to improve standard operating procedures during this calendar year for the Network.

Contract amendments require continued cooperation between the ICN and Paetec. Demonstrated maintenance support by the vendor under the contract is satisfactory. During this past year, the

ICN staff and the vendor cooperated to enhance Network Service Center capabilities by improving client services for trouble management.

**Part III Service Contracts:** Starting in FY 1996 the ICN began monitoring the delivery of 428 video sites from vendors awarded contracts by competitive bid. These seven-year contracts began to expire in FY 2003. ICN continues to competitively bid for service as the contracts expire.

**Other Maintenance Contracts:** The ICN reviewed the remaining maintenance contracts and found the performance of contracted maintenance service vendors to be satisfactorily and fulfilling ICN requirements.

**Recommendation:** Finding that our contracted maintenance service vendors are capable of performing their contracted obligations, the Commission recommends continued funding support for all contracts.

Commissioner Lapointe moved approval of the commission report requests; Commissioner Hardman seconded the motion for approval. A roll call vote was taken; unanimously approving the commission report requests.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

#### **Legislative Update** - John Gillispie

Legislative language has been proposed to give the state the authority to make business decisions regarding Part III (Service Contracts). Director Gillispie would like the ITTC to have authority to choose the best solution to provide Part III. It is identical to the language we submitted last year. Staff is waiting for the Governor's Office to give us approval to submit. If the Governor's Office does not give the authority to submit that language, it will be submitted as confidential. Director Gillispie expects similar results as last year. Last year the bill was sent to the floor, but there was no additional discussion.

From a legislative perspective, we intend only to put this one issue forward. There have been some discussions about whether the state should still own the ICN (*this is not a new discussion*).

Commissioner Brandsgard asked if there is a plan to familiarize new legislators about the ICN?

Deputy Director Joseph Cassis responded that the staff is currently gathering information on the new members, updating the packets, and planning to schedule some awareness training.

Director Gillispie added that the staff may try to create short video clips that we could e-mail to them. Commissioner Lapointe suggested that maybe there should be an invitation to legislators to attend ITTC meetings or an annual legislative day.

**Action on Certified User Waiver Requests** - Dave Lingren

The ICN recommends approval of the following renewal of existing one-year waivers:

- 1) William Penn University – Waiver request for ICN Internet services (8 MB Internet Service).
- 2) Northwestern College – Waiver request for ICN Internet services. ICN prices were higher when including other factors.

ICN staff recommends approval of both requests.

Commissioner Lapointe moved approval of the waiver requests; Commissioner Duffy seconded the motion. A roll call vote was taken.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

**Waiver for Internet Back-Up Solution** - Dave Lingren

Feedback from educational customers (i.e. AEA) – ICN is in a situation where many of them are going out to get waivers for redundant (back-up) internet access; however they are still using the ICN as their primary Internet provider. It is critical that they can guarantee that they have internet access. The back-up gives them an alternative source from another provider. The concern that they have communicated to the ICN—the best price that they can obtain with the alternative provider is with a three-year agreement, but our waivers are limited to one-year. At this time the back-up is not the cost effective solution. They are not replacing the ICN service; it is solely a back-up. At this time the ICN has no such waiver policy.

Commissioner Brandsgard said that the Commission reserves the right to look at the waiver policy from time-to-time.

Commissioner Duffy moved for waiver request for redundancy that the commission could consider allowing waivers that extend over one year. Hardman seconded the motion.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

**Adopt Administrative Rules** - Tami Fujinaka

The public hearing on the proposed administrative rule changes regarding Iowa Hospital Association was held without challenge on September 4, 2008. No one was in attendance for the hearing. The next step is for the ITTC to adopt the rule changes. Commissioner Mahaffey moved

adoption of the rule changes; Commissioner Hardman seconded the motion. A roll call vote was taken:

Commissioner Duffy – Abstained  
Commissioner Hardman – Yes  
Commissioner Mahaffey – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

**Action on Transportation Consortium 511 Services** – Dave Lingren

**Action on Elected Officials Services** – Dave Lingren

**Action on Long Distance Voice** – Dave Lingren

Commissioner Lapointe moved that the ITTC go into closed session for the purpose of discussing non-video rates. The ICN and ITTC consider non-video rates to be trade secrets. Under Iowa Code 22.7(3), trade secrets are confidential records. Iowa Code 21.5(1) permits a government body to go into closed session to review or discuss confidential records. Commissioner Duffy seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

The Chair asked for a motion to adjourn the open meeting to go into closed session. Commissioner Hardman moved adjournment of the open session. Commissioner Lapointe seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

The open meeting adjourned at 11:30 a.m.

Following the conclusion of the closed session, guests were invited to rejoin the meeting. The Chair reconvened the public meeting at 12:05 PM and opened the floor to a motion.

Commissioner Hardman moved for approval of the rate for Transportation Consortium 511 Services, identified during the closed session. Duffy seconded the motion.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

Commissioner Mahaffey moves for approval of the Elected Official services category identified during the closed session. Duffy seconded the motion.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

Commissioner Duffy moved for approval on long distance voice service rate identified during the closed session. Hardman seconded the motion.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Mahaffey – Yes  
Commissioner Brandsgard – Yes

Break for lunch at 12:09 PM.

Reconvened the public meeting at 12:58 PM

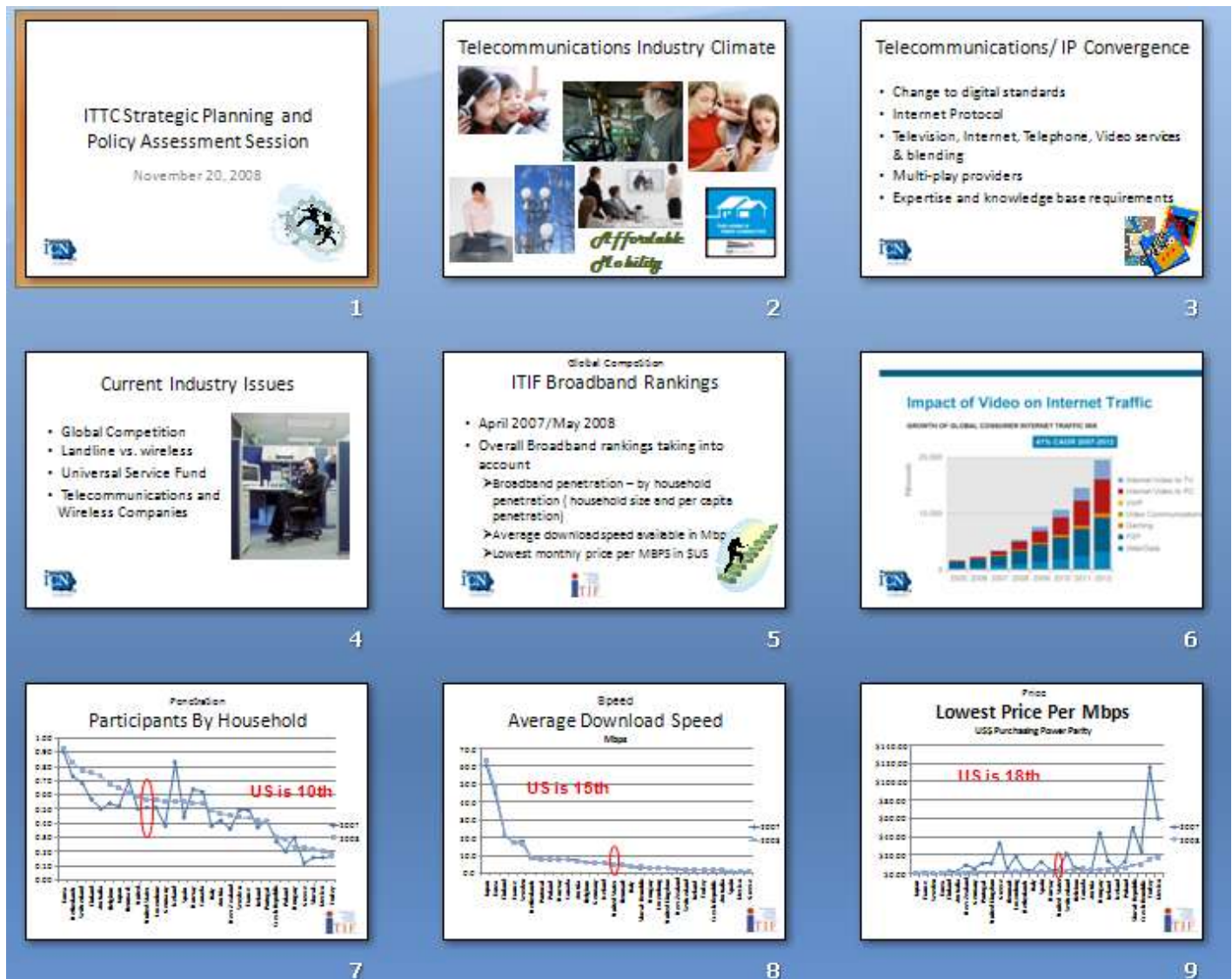


## Other Business

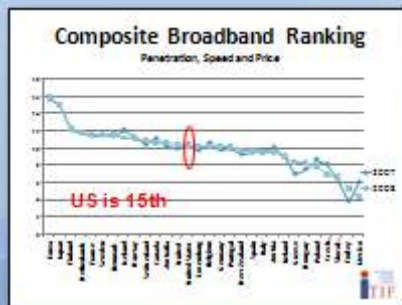
### **Policy and Planning Assessment Commission - Executive Director, and Staff**

Representative Doris Kelley was able to attend the afternoon ITTC session.

Director Gillispie spoke to the Commission concerning the ICN and the current telecommunications environment. Below is his presentation.







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### Broadband Quality Score

- Released in September 2008
- Based on download and upload throughput and latency
- Different weights matching current and future application requirements

Sponsored by

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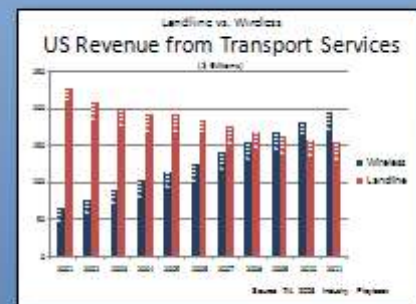


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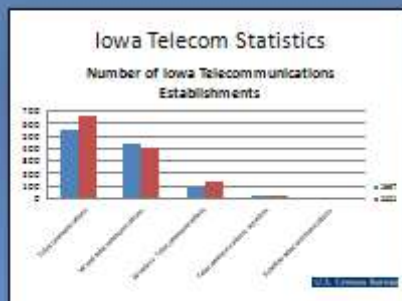
### What Does this Mean to Iowa?

- Iowa Ranks 47<sup>th</sup> among the states according to the voluntary "Speed Matters" measure
- Iowa has the most "Fiber to the Home" providers
- >40 out of 100 telephone companies indicate they are in some stage of development
- Until an inventory of broadband access and affordability of the state is completed, Iowans will not know actual availability

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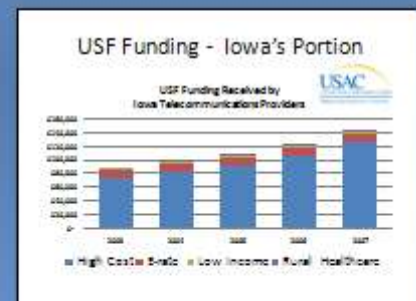
### Universal Service Fund (USF)

The Telecommunications Act of 1996

- High Cost Support - subsidizes telephone companies that serve high cost areas
- Low Income Support - assists low-income customers by subsidizing monthly telephone and connection charges to initiate service
- Rural Health Care Support - provides discounted services for rural health care providers for telecommunications services similar to their urban counterparts
- Schools and Libraries Support (zeroed) - subsidizes telecommunication services, internet access, and internet connections (the equipment to deliver these services)

USAC

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### USF Funding - Iowa's Portion

2007 Funding Level



- Iowa Population 2006  
➤ 2,962,083: 1% of the US total
- High Cost Service Areas  
➤ Iowa: \$126.1 Million: 3% of US total
- Schools and Libraries Funding Year 2007 Authorized Disbursements  
➤ US: \$2.46 Billion  
➤ Iowa: \$ 8.21 million .033% of the US Total  
➤ ICN: \$ 4.89 million 60% of Iowa Total

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### USF - High Cost Service Areas

- Wired (Incumbent) vs. Competitive (Wireless) providers
- Encouragement of Competition
- One year cap on increasing funds going to competitive providers
- FY 07 Iowa providers received \$126.1 million high cost area service dollars  
➤ \$75.6 million (59%) went to incumbents  
➤ \$50.5 (41%) million went to competitive providers



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### USF E-rate

- Anti - deficiency Act exemption
- Question of appropriate use of funds
- USF funding for the ICN infrastructure
- The role of e-rate as services converge



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### FCC Action on USF

- Chairman Martin postponed discussion scheduled for November 3
- Issues:
  - Inconsistent rates that carriers charge for connecting long distance calls
  - Some companies would have lost funding
- It appears the new administration will remove Chairman Martin
- President-elect Obama and Commissioner Copps favor a shift to subsidizing Broadband

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### ICN Update



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### Built-in Business Constraints

- Limited customer base
- Limited collaboration capabilities with other telecommunications companies
- Same price for services anywhere in the state
- Project funding constraints



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### Broadband, Ethernet, IP

- The importance of the Internet Protocol technology
  - Services convergence
  - Ethernet allows the large digital IP packets to be easily transported
  - All packets (voice, internet, data, and video) are transported the same
- ICN IP
  - 2004 - 2005 (Portion of Voctelnet) first
  - Voice over IP rollout
  - 2005 - HUSM first Video over IP demo
  - 2005 - Department of Ed over 500 IP video connections



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### Who Can ICN Serve?

- K-12 Schools - Public and Private
- Higher Education - Public and Private
- State and Federal Government Agencies
- Homeland Security and Emergency Management
- Telejustice
- Hospitals and Physician Clinics
- Public Libraries



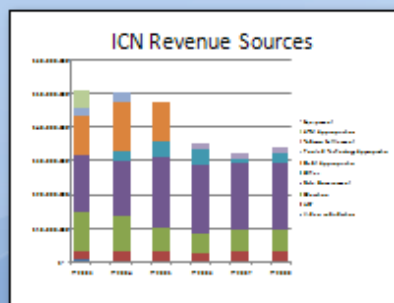
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### What Services Does ICN Provide?

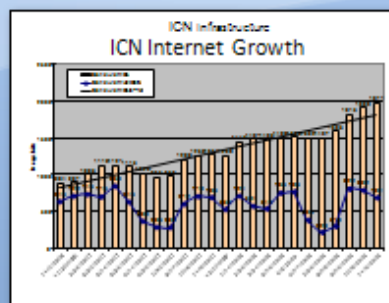
- Voice
  - Local telephone services - Metro Des Moines State Agencies
  - Long Distance, Toll-Free, Voice Conferencing, Calling Cards state-wide
- Video
  - Fulmination, MP222, Broadcast quality statewide
- Data
  - Dedicated Circuits - DS-0, DS-1, DS-3
  - Switched Circuits:
    - Frame Relay (DS-0, DS-1, DS-3)
    - ISDN (BRI, PRI, 2BRI, 23BRI or up to 24 channels)
  - ATM - OC-3, OC-12
  - WAN Connections: Ethernet (1-200 Mbps)
- Internet



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### Best Practices What Other States are Doing

- Establishing **task forces** with public and private share holders to evaluate the current state of broadband deployment and identify beneficial policy changes
  - >California: Created in 2006, this task force also provided regional maps
  - >Maryland: Created in 2003 recommended creation of a public-private partnership to develop and deploy a rural fiber optic network

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### Best Practices What Other States are Doing

- Employing **tax incentives** for Broadband Infrastructure and other expenses
  - >Mississippi: Tax credits and sales tax exemptions for investments made from June 2003 to July 2003 on broadband deployment equipment
  - >Missouri: Annual 40% tax credit for telecom equipment while opening/relocating a business to an economically distressed community
  - >Georgia: Telecommuting tax credit up to \$1200 for employees – encourages broadband demand

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### Best Practices What Other States are Doing

- Creating **dedicated funding** to leverage private sector funds for investing in the broadband infrastructure
  - >California: Priority to projects that expand broadband access in unserved areas
  - >Vermont: Public sector funds to build and purchase broadband infrastructure

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### Best Practices What Other States are Doing

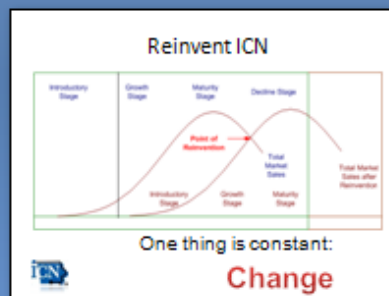
- Mapping broadband **availability** to help policymakers and service providers determine underserved areas
  - >Connected Nation – Connect Kentucky, Connected Tennessee, Connect Ohio, Connect West Virginia
  - >California: Mapped availability as well as speed
  - >Tennessee: Used non-disclosure agreements to build trusting relationships to maintain confidentiality and build trusting relationships with service providers

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### Best Practices What Other States are Doing

- Encouraging local communities to increase **Grossroots demand**
  - >Kentucky: Mapping, then work with community volunteers to develop community broadband deployment plans. Claim 35% growth (since Jan. 2004). State contributed \$7.3 million.
  - >Ohio and Tennessee – Also adopted ConnectKentucky model.

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### Put Everything on the Table

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### Question 1

Are we providing enough value – perceived and real?

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### Question 2

Are we maximizing all collaborative opportunities?

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### Question 3

If we constructed a telecommunications infrastructure today that could support Iowa's goals, what would it be?

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### ACTION PLAN

1. \_\_\_\_\_ ?
2. \_\_\_\_\_ ?
3. \_\_\_\_\_ ?

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### **ACTION ITEMS:**

1. Develop ICN's Position Paper
  - Why does the ICN matter?
  - Why will the ICN matter to Iowans in 5+ years?
2. Auditor David A. Vaudt and Representative Doris Kelley will collaborate ideas
3. Marketing Campaign – ICN's benefits, services, enhancements, etc...

### **CONSIDERATIONS TO NOTE:**

- ✓ Send position paper to Governor's Office and new legislators.
- ✓ Have the ITTC Commission speak on the ICN's behalf to other government boards/legislators.
- ✓ Pursue legislation that requires all departments to use the ICN (i.e. DAS).
- ✓ Seek enforcement authority from the Legislature.
- ✓ Put more effort into teaching people how to use the tools.
- ✓ Educate schools on benefits and services of the ICN.
- ✓ Educate the public. (i.e. cities and counties)
  - ICN Benefits
  - ICN Services
  - ICN's Restrictions
- ✓ Educate state agencies.
  - Iowa Association of Municipal Utilities
  - Iowa Department of Economic Development - Mike Tramontina
  - Education Telecommunications Council
  - Iowa Association of School Boards
  - Board of Regents
- ✓ Obtain city and county advocates for the ICN.
  - The League of Cities and the Counties are already behind the ICN.
  - An open access system – connecting ALL Iowa's governments to each other.
    - Instead of placing roadblocks up for Iowa's city and county governments, why not give them access to the highway.
  - Actively seek coalitions; form a nucleus of support and make sure those supporters know what's happening and when.
  - Contact Representative Doris Kelley – good starting point - Waterloo/Cedar Falls and Blackhawk County
- ✓ Establish a process in law that allows for exceptions and/or pilot projects that provide the opportunity to demonstrate success; use the unique circumstances of this spring to make a case that things should change.
  - Speak to appropriate parties concerning the opportunity of having the ICN help with the Cedar Rapids rebuilding efforts.
- ✓ Ask former Governor Terry Branstad to become an advocate for the ICN.
- ✓ Have a Legislator day (invite legislators to ITTC meeting or to visit the ICN).
- ✓ Pursue the idea of requiring agencies to have a depreciation fund.

### **Adjournment**

Commissioners Mahaffey and Duffy made a motion to adjourn the meeting. There being no further business, the meeting adjourned at 3:10 PM.